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SUBJECT: KAZAKHSTAN DRUG AND CRIME REPORT

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¶1. Summary: According to the Agency of Statistics, law enforcement agencies documented 53,700 crimes during the first quarter of 2007. Economic crimes accounted for .07% (3,892) of the total. These crimes included fraudulent property legalization, illegal business activity, and other financial crimes. The government estimates damages and lost revenue of nearly 65 million USD. Crimes related to illegal manufacturing, purchase, transit, and sale of drugs accounted for .04% (2,371) of the total. The number of drug-related crimes has increased by 14.5% since last year. End summary.

HIGH-PROFILE CASES

¶2. The highest profile criminal case of 2007 has been the investigation into the activities of Rakhat Aliyev, the ex-Ambassador of Kazakhstan to Austria and President Nazarbayev's former son-in-law. Aliyev is being investigated in connection with the kidnapping of two senior managers of a Kazakhstani bank and is also being investigated by Austrian authorities for money laundering.

¶3. Authorities opened an investigation after Austrian banks reported several suspicious deals involving large amounts of money via accounts opened in Aliyev's name. According to financial documents, Aliyev established several accounts and registered them in both his name and the names of eight companies that he managed. Several deals involving large amounts of money were conducted via these accounts. Austrian authorities are continuing to track the origin of the money. However, according to the Prosecutor's Office, current legislation is insufficient to charge Aliyev.

¶4. Kazakhstan requested extradition of its Ambassador on May 26, 2007 after attempting to recall him as part of the investigation into the kidnapping of two senior Nurbank managers (Nurbank is one of the largest commercial banks and Aliyev was a major stakeholder). Though there is no bilateral extradition agreement between Austria and Kazakhstan, some Austrian law enforcement authorities had expressed their support for extradition, but a federal court rejected the request on August 8 on the grounds that Aliyev would not receive a fair trial.

¶5. Other high-ranking officials have been caught up in the Aliyev case. Former head of Nurbank Abilmazhen Gilimov is under investigation for illegal business activities and abuse of power. Local press speculates that the chief of the Almaty Department of the Financial Police, General Vladimir Kurbatov is also under investigation for abuse of power and hindering the investigation of Aliyev.

¶6. In another high-profile case, Deputy Head of the Tax Committee of the Ministry of Finance Sabit Kanatov is under investigation by the financial police for abuse of power and tax evasion.

POLICE CORRUPTION

¶17. Major Arman Sapkin, former Deputy Head of the Criminal Police Section of Internal Affairs of Semey was sentenced to 10 years in a prison colony for attempting to force a woman to sell heroin. Sapkin approached Malina Vertrova, the daughter of a woman convicted of narco-trafficking, gave her 25 grams of heroin, and instructed her to sell it and pay him 35,000 tenge (290 USD). Vertrova destroyed the heroin and reported the incident to the Committee for National Security (KNB). The KNB conducted an undercover operation using marked money and arrested Sapkin.

¶18. The Internal Affairs Department in the Pavlodar region has opened an investigation in the disappearance of nearly 107 grams of heroin. While examining evidence, an inspection team of police and prosecutors discovered that the heroin, seized in 1991, had been substituted with a mixture of salt and baking soda. The authorities have reportedly initiated a criminal case against police officers.

¶19. In an attempt to stop seized drugs from being resold, the Ministry of Internal Affairs (MVD) is submitting draft amendments to the law to allow for the destruction of seized drugs. According to Maratkali Nukenov, Chairman of MVD Committee on Drug Trafficking, there are currently 25 tons of drugs held as evidence. The draft amendment would allow for the destruction of most of the evidence with only a sample kept for expert examination.

GOVERNMENT INITIATIVES

¶10. On July 21, the Chairman of the Committee on Combating Drugs appealed to nightclub managers to cooperate in the fight against drug trafficking. Both parties signed a Memorandum of Understanding

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and Cooperation. The signing took place as part of the "Astana - Drug Free City" program. The Chairman of the Committee discussed cooperation in the fight against drug addiction with the owners of nightclubs. MVD provided recommendations on drug profiling to security services of the night clubs and pledged to provide further training. This cooperation between the GOK and nightclub owners follows a series of raids on nightclubs in September 2006 and the threat of closures of nightclubs linked to drug sales. The most recent raids were conducted in July 2007.

¶11. Kazakhstan has officially registered 55,000 drug addicts. However, according to experts, there are actually more than 200,000 addicts, which is equal to 1.7% of the population of the country. According to Alexander Katkov, Director of the National Scientific and Practical Center of Medical and Social Problems of Drug Addiction, drug addicts do not seek help because the law requires that information be submitted to law enforcement agencies. Katkov's center has developed and proposed to the GOK a national and regional program on combating drug addiction. The programs will focus on effective drug addiction prevention, including a focus on teenagers and children, and opening more centers for treatment of drug addicts.

¶12. To obstruct drug trafficking to Astana and into Russia, the Department of Internal Affairs of Karagandinskaya in central Kazakhstan, opened three fixed checkpoints in Karaganda, Temirtau, and Osakarovka. The representatives of the KNB, Financial Police, Special Units, and Department of Internal Affairs will actively participate in the operation of these posts. This measure aims to disrupt the drug trafficking routes from the south through Karaganda to the north and Russia.

¶13. The draft law on combating money-laundering and terrorist financing has been stalled in Parliament since October 2005, because of the need to conclude the property legalization program. On August 1, GOK concluded the legalization program and can now begin work on adoption of the new law.

DRUG INTERDICTION

¶14. On July 12, officers of the Kyzylorda Department of the KNB, jointly with the MVD, detected and destroyed a marijuana plantation near the Berdykul artesian well. They destroyed 7,014 marijuana plants which would have weighed from 2,500 to 3,000 kilograms upon maturing.

¶15. In March, Mangystau Department of the KNB arrested three sisters and their husbands involved in trafficking heroin from Uzbekistan. As a result of operation, 1.3 kilos of heroin was seized with a street value of 27 million tenge (approximately 219,000 USD). In August, the Zhanaozen city court sentenced the family members to 14-15 years in prison.

¶16. On June 26, MVD special units in joint operations with law enforcement agencies from Uzbekistan, Kyrgyzstan, Tajikistan and Russia conducted 10 operations to disrupt established drug routes that had been in existence since the beginning of the year.

¶17. On July 23, Kazakhstani MVD and the Russian Federal Service on Control of Drug Trafficking (FSKN) signed a bilateral agreement on cooperation for combating drugs, psychotropic substances, and precursors. In accordance with this agreement, the two will exchange information and conduct joint interdiction operations. The agreement also includes a provision for assistance in the efforts of combating money laundering as a result of drug trade.

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